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**KAMALTA EXPLORATION LTD.**

**CALGARY, ALBERTA**

*Jan*

**NOTICE OF ANNUAL MEETING**

**AND**

**RIGHTS OFFERING**

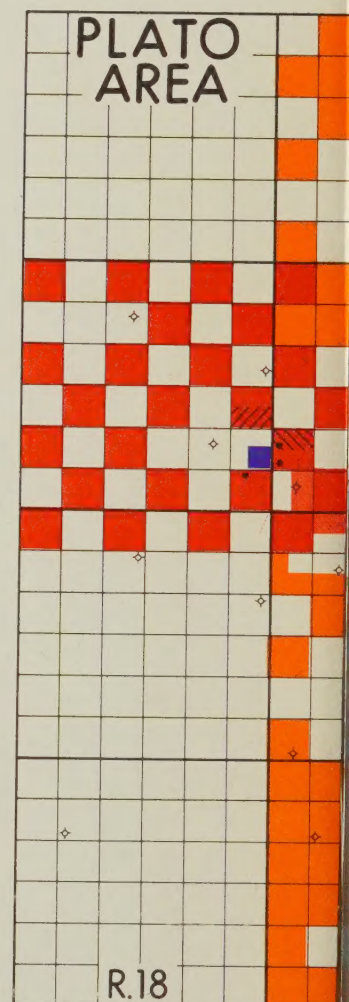
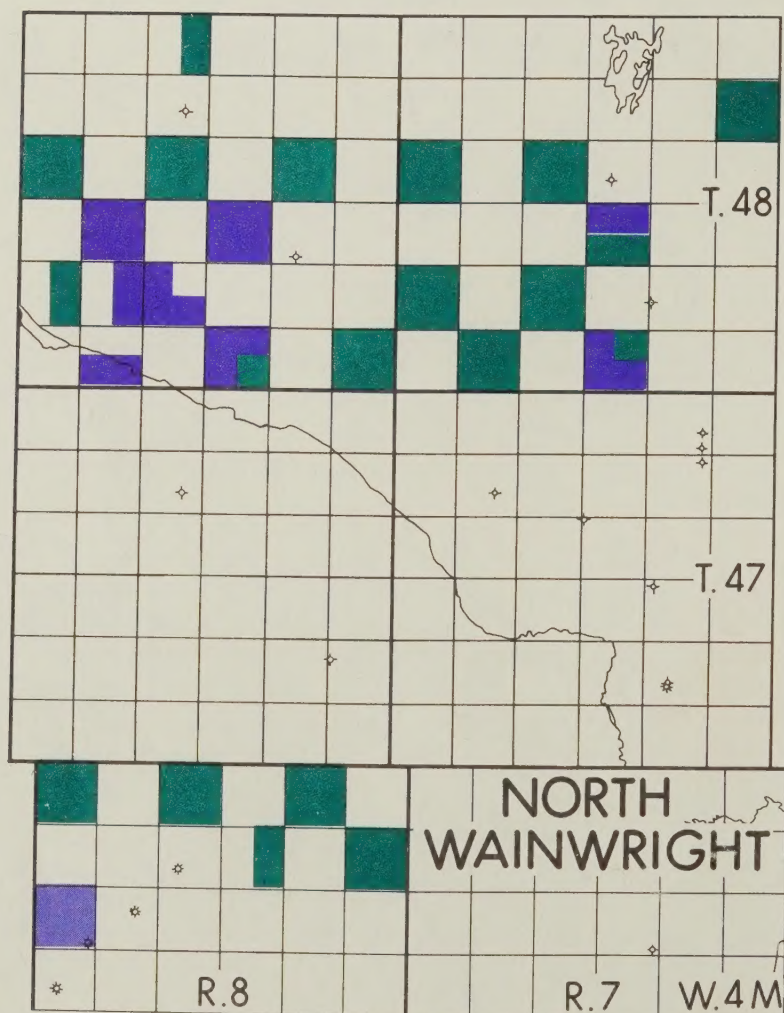
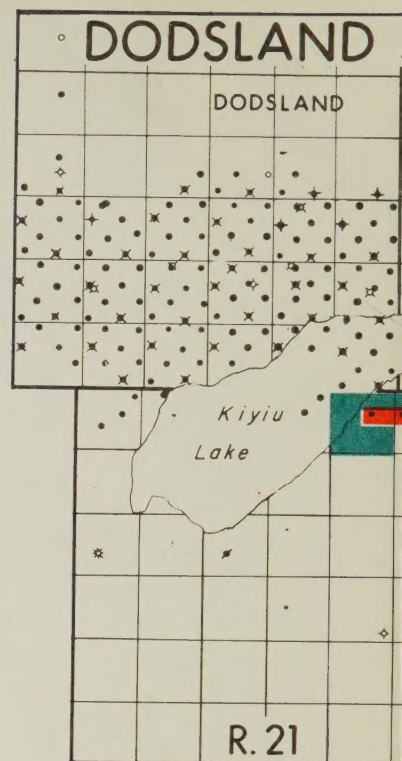
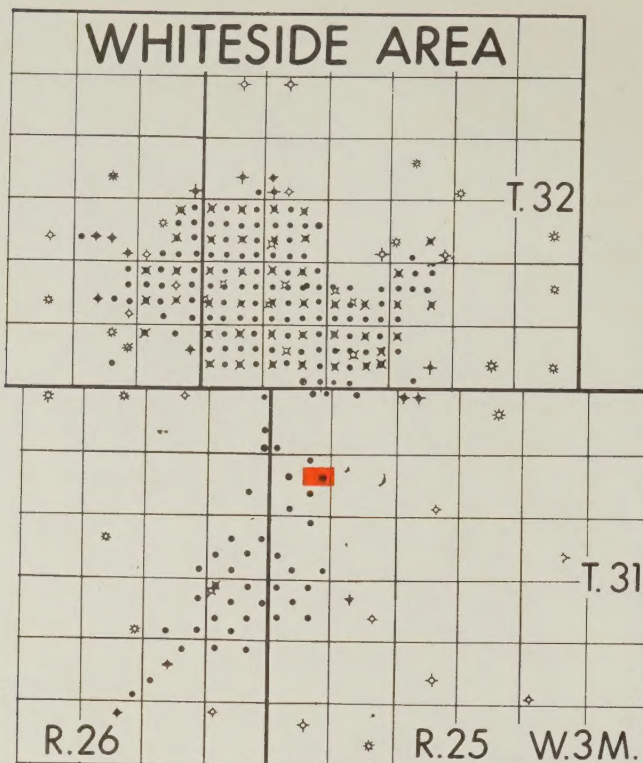














September 5, 1968

## REPORT OF THE DIRECTORS

### TO THE SHAREHOLDERS :

Your Company is currently involved in the most active and successful year in its history.

We plan an active development drilling program in the Plato area of Western Saskatchewan where we have established light oil production from the Viking Sand; and an exploration program to evaluate our sulphur permits in Northern Alberta. In addition, we have a continuing interest in several mineral exploration programs.

To finance these activities, your Company is proposing a share offering to present shareholders on the basis of one new share for each four shares held. The offer, at 25 cents per share, is being made to shareholders of record as of October 15th, 1968, and will be exercisable until 4:00 o'clock P.M. on October 29th, 1968. If fully subscribed, the offer will realize \$156,000, and will provide sufficient funds for our currently planned programs. We plan to use the proceeds of the share offering as follows :

(a)	To retire bank loan other than production loans	\$ 6,000.00
(b)	To retire accounts payable	83,000.00
(c)	Exploration work on sulphur permits	10,000.00
(d)	Possible service fee to brokers, one cent per share on 600,000 shares, re rights offering	6,000.00
(e)	Drilling program at Plato	31,000.00
(f)	General corporate and working capital	<u>20,000.00</u>
	TOTAL	<u>\$ 156,000.00</u>

The Directors of the Company reserve the right to take up any shares not subscribed for by shareholders for a period of 14 days following the expiry date. In the event that less than \$50,000 is raised by this offering, the monies tendered for shares will be returned.

Recent developments by Kamalta and our plans for the coming period are outlined further in more detail.





*Kamalta Exploration Ltd.*709 Lancaster Bldg.  
Calgary 2 - Alta.

Telephone 264-2170

## PLATO FIELD DEVELOPMENT

In the Plato Viking oil pool in Western Saskatchewan, discovered last year, Kamalta and its recently acquired subsidiary, Marvel Oils Limited, now have the following well interests :

<u>Well Location</u>	<u>Status</u>	<u>Date Drilled</u>	<u>Kamalta-Marvel Ownership</u>
4-7-25-17 W3	On Pro- duction.	March, 1967	25%
14-1-25-18 W3	Suspended	November, 1967	25%
12-7-25-17 W3	On Pro- duction.	June, 1968	100% subject to 1.75 G.O.R.
2-13-25-18 W3	On Pro- duction.	August, 1968	100% subject to 1.75 G.O.R.
14-7-25-17 W3	On Pro- duction.	August, 1968	100% subject to 1.75 G.O.R.
8-12-25-18 W3	On Pro- duction	August, 1968	25% carried working interest, plus 2% G.O.R. and repayment of land costs.
12-17-25-18 W3	Being com- pleted for production	September, 1968	25% plus royalty.

It should be noted that the 12-17 well is a five (5) mile stepout to the West.

All the wells drilled in 1968 are on production tests, and production rates will be available at the annual meeting.

Our acreage position here includes 25% interest in 24,310 acres under permit and lease acquired with Houston Oils Ltd., plus 100% working interest in 57,600 acres of permits and 1,280 acres of lease.

An aggressive follow-up drilling program is planned to establish additional production at Plato.

In the nearby Dodsland Viking oil field, Kamalta and Marvel recently acquired a 1,040 acre lease from Golden Eagle Oil & Gas Co. Ltd., and Husky Oil (Alberta) Ltd., subject to a 6-1/4% gross royalty override, in return for completing reservoir stimulation work at the Kiyiu Lake 10-35-20-21 well. Following a sand fracturing treatment, the well was placed on production at a rate of 23 barrels of oil per day. Drilling of nine additional development wells on this section and other lease holdings at Dodsland by the two companies is planned.

The accompanying maps, of Kamalta and Marvel's properties, do not include the five wells recently completed.





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## SULPHUR EXPLORATION

Kamalta Exploration has increased its interest in the play for native sulphur ore in Northeastern Alberta, and now holds varying interests in six permits covering nearly 120,000 acres. We were one of the very first participants in this play, and thus were able to acquire some of the most favorably located blocks.

In order to spread our risk and discovery exposure, we have disposed of some interests in these permits. This has enabled us to fully recover our costs and realize a net profit of \$32,000 in cash and other assets, as outlined below.

Plans for a core drilling program this Spring to evaluate our sulphur holdings had to be postponed because of heavy snow cover and inaccessibility of the area. We are now proceeding with the planned exploration program.

## MARVEL OILS LIMITED

Kamalta Exploration, by agreement dated May 22nd, sold interests in its properties at Plato and Dodsland to Marvel Oils Limited, for which we received \$5,000 cash and 610,000 shares of Marvel Oils. As a result, Kamalta now holds 51% of the issued shares of Marvel Oils. Properties sold to Marvel comprised the following :

- (a) 50% of Kamalta Exploration Ltd.'s 25% interest in 24,310 acre permit and one producing oil well and one suspended oil well in the Plato area in Saskatchewan.
- (b) All of Kamalta Exploration Ltd.'s interest in the Houston et al Agreement which involved the right to acquire all of Houston's 75% interest in S $\frac{1}{2}$  Sec. 7-25-17-W3 and S $\frac{1}{2}$  Sec. 13-25-18-W3 by the drilling of one well on each half section.
- (c) All of Kamalta Exploration Ltd.'s interest in a farmout agreement from Golden Eagle Oil & Gas Limited and Husky Oil (Alberta) Limited which involved a 100% interest in 1,040 acres, subject to a 6-1/4% gross overriding royalty and the stimulation and equipping of Canpet-Sarcee 10-35-30-21-W3 well.

In addition to its interest at Plato and Dodsland, Marvel Oils holds 12,337 acres of freehold mineral rights in the Wainwright area of Eastern Alberta. Ranger Oil Ltd. on a one-section lease from Marvel subject to a 12 $\frac{1}{2}$ % royalty, has a capped Viking gas well. In northern Alberta, Marvel holds a royalty on 19,200 acre sulphur permit near Kamalta's holdings.







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## SECURITIES

Part of the consideration received by Kamalta in exchange for minor interests in our Alberta sulphur permits included 100,000 shares of Laronex Copper Mines Limited. In addition, 825,562 shares (700,562 shares of which are escrowed) of Petromines Limited were acquired for a cash consideration of \$35,000 and 30,000 shares of Kokanee Moly Mines Ltd. were acquired for \$20,000 cash.

Laronex plans exploration work this winter on a copper prospect in Northern Saskatchewan where the Company has a spread of mineral claims.

Petromines holds  $2\frac{1}{2}\%$  gross royalty interest in 13 producing oil wells and one gas well at Lloydminster; 22 mineral claims covering a rare earth prospect at Shatford Lake, Manitoba and 52,540 shares of Marvel Oils.

## OTHER EXPLORATION DEVELOPMENTS

Negotiations are underway for an exploration program to evaluate our molybdenum prospect at Crawford Bay, B.C., where Kamalta and United New Fortune Mines Ltd. jointly hold 32 mineral claims. Preliminary exploration work last year consisting of geological mapping, trenching and diamond drilling provided encouraging results.

Work conducted on our zinc property on the Bruce Peninsula in Ontario will hold these properties in good standing for the next four years, and no additional work is immediately planned.

Preliminary exploration work on a group of 40 mineral claims in the Lac La Ronge area of Northern Saskatchewan in which Kamalta holds an interest failed to disclose any commercial nickel or copper prospects, and the properties will be dropped this year.

We have been successful in recovering most of our investment in a block of 368 mining claims in the Golden area of British Columbia. As reported in our annual report for the year ended November 30th, 1966, by agreement dated May 6th, 1966, the Company acquired the mineral claims from Trans-World Exploration Ltd. in consideration of 500,000 treasury shares of Kamalta valued at \$125,000. The claims were subsequently found to be invalid due to improper staking, and Kamalta initiated action to effect recovery of its investment. We have since reached an agreement whereby we have recovered 400,000 of the 500,000 treasury shares that had been issued for the properties.

Respectfully submitted,  
On Behalf of the Board







KAMALTA EXPLORATION LTD.

FINANCIAL STATEMENTS

NOVEMBER 30, 1967







# DEVONSHIRE, MUNRO & CO.

CHARTERED ACCOUNTANTS

TELEPHONE: 403-269-7736

MERVYN S. DEVONSHIRE, B.COM., C.A.  
R. JAMES MUNRO, B.COM., C.A.

720 SEVENTH AVENUE S.W.  
CALGARY, CANADA

## AUDITORS' REPORT

To The Shareholders,

### KAMALTA EXPLORATION LTD.

We have examined the balance sheet of Kamalta Exploration Ltd. as at November 30, 1967, and the statements of income and source and disposition of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and source and disposition of funds, together with the notes thereto, present fairly the financial position of the company as at November 30, 1967, and the results of its operations and the source and disposition of its funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Canada,

June 12, 1968.

*Devonshire, Munro & Co.*

Chartered Accountants.







# BALANCE SHEET

## KAMALTA EXPLORATION LTD.

NOVEMBER 30, 1967

(Compared with 1966 figures)

### A S S E T S

### L I A B I L I T I E S

	1967	1966		1967	1966
<u>CURRENT</u>			<u>CURRENT</u>		
Cash	\$ 341	\$ 83	Bank indebtedness, secured	\$ 1,500	\$ -
Accounts receivable	2,938	-	Accounts payable -	37,133	812
Refundable deposits	2,500	-	Trade	6,971	11,973
			Georgian Management Ltd.		
	\$ 5,829	\$ 83	Total liabilities	\$ 45,604	\$ 12,785

### INVESTMENTS, at cost

### S H A R E H O L D E R S ' E Q U I T Y

Marketable securities (Note 1)	\$ 20,000	\$ 4,456	<u>CAPITAL STOCK</u>		
Other investments	\$ 20,000	\$ 4,456	Authorized - 5,000,000 shares without		
			nominal or par value		
			Issued - 2,457,855 shares	\$1,426,529	\$1,404,106
			(Notes 2 and 3)		
<u>FIXED, at cost</u>			<u>DEFICIT</u>		
Oil wells and equipment	\$ 61,622	\$ 15,390	Balance at beginning of the year	\$ (1,240,178)	\$ (1,079,958)
Less accumulated amortization	12,404	-	Adjustment of prior year's loss	100,000	-
and depreciation			(Note 3)		
Mineral claims and permits	\$ 49,218	\$ 15,890	Loss for the year	\$ (1,140,178)	\$ (1,079,958)
	210,615	142,159		(39,178)	(160,220)
	\$ 259,833	\$ 165,059	Balance at end of the year	\$ (1,179,356)	\$ (1,240,178)
<u>DEFERRED CHARGES</u>			Total shareholders' equity	\$ 247,173	\$ 163,928
Organization expenses	\$ 7,115	\$ 7,115			

SIGNED ON BEHALF OF THE BOARD

*APuck* DIRECTOR

*Orl. C. L. L.* DIRECTOR

Total assets

\$ 292,777 \$ 176,713

\$ 292,777 \$ 176,713

The accompanying notes to financial statements are an integral part hereof.





KAMALTA EXPLORATION LTD.

STATEMENT OF INCOME

FOR THE YEAR ENDED NOVEMBER 30, 1967

(Compared with 1966 figures)

REVENUE  
Oil Sales  
Less Royalties

1967  
\$ 17,550  
1,999  
\$ 15,551

1966  
\$ -  
-  
\$ -

OPERATING AND DEVELOPMENT EXPENSES

Production expenses  
Lease rentals  
Geological and consultants fees  
Dry hole costs  
Leases surrendered  
Depreciation and amortization  
of wells and equipment

\$ 7,310  
1,830  
2,067  
-  
-  
12,404  
\$ 23,611  
\$ (8,060)

\$ 7,310  
441  
8,703  
1,600  
-  
\$ 10,744  
\$ (10,744)

ADMINISTRATIVE AND GENERAL EXPENSES

Management fee  
Stationery, postage and printing  
Secretarial, office and telephone  
Legal, accounting and audit  
Registrar and transfer agent  
Travelling and automobile  
Interest and bank charges  
Miscellaneous

\$ 12,000  
1,409  
3,332  
3,450  
1,471  
6,788  
109  
113  
\$ 28,672  
\$ (36,732)

\$ 3,600  
1,377  
1,690  
950  
133  
2,835  
214  
499  
\$ 11,298  
\$ (22,042)

OTHER EXPENSES AND INCOME

Loss on sale of fixed assets  
Miscellaneous income  
Mining claims (Note 3)  
Provision for decline in value of  
investments  
Loss on sale of investments

\$ 890  
(194)  
-  
-  
1,750  
\$ 2,446  
\$ (39,178)

\$ (424)  
125,000  
3,760  
9,842  
\$ 138,178  
\$ (160,220)

Loss for the period

KAMALTA EXPLORATION LTD.

STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

FOR THE YEAR ENDED NOVEMBER 30, 1967

(Compared with 1966 figures)

SOURCE OF FUNDS

Capital stock issued  
Sale of assets  
Investments  
Office furniture  
Oil well  
Reduction in working capital  
\$ 74,635  
2,706  
15,000  
27,073  
\$ 119,414  
\$ 57,242  
\$ 43,830  
500  
12,912  
\$ 57,242

1966  
1967

DISPOSITION OF FUNDS

Operating loss  
Deduct non-cash items  
Depreciation and amortization  
Loss on sale of fixed assets  
Loss on sale of investments  
Provision for decline in value  
of investments  
Leases surrendered  
Mining claims  
\$ 39,178  
12,404  
890  
1,750  
-  
-  
3,760  
1,600  
125,000  
\$ 15,044  
\$ 24,134  
\$ 160,220  
(424)  
3,760  
1,600  
125,000  
\$ 129,936  
\$ 30,284

Expenditures for assets

Marketable securities  
Oil and gas properties  
Mineral properties  
Investments  
20,000  
47,522  
27,758  
7,000  
\$ 119,414  
\$ 57,242





KAMALIA EXPLORATION LTD.

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 30, 1967

1. MARKETABLE SECURITIES

The cost and quoted market value of marketable securities are as follows:

	<u>Shares</u>	<u>Cost</u>	<u>Market</u>
Kokanee Moly Mines Ltd. (N.P.L.)	30,000	\$ 20,000	\$ 42,000

The shares are by agreement pooled until September 15, 1968.

2. CAPITAL STOCK

As at November 30, 1967 capital stock had been issued as follows:

989,375 Shares for cash	\$639,706
1,428,480 Shares for properties	766,823
<u>40,000 Shares for services</u>	<u>20,000</u>
2,457,855	\$1,426,529

The foregoing summary includes the following changes in issued capital stock recorded during the year ended November 30, 1967.

Shares cancelled -

400,000 Shares from Transworld Exploration Limited (Note 3)	<u>\$100,000</u>
---	------------------

Shares issued -

335,000 Shares for cash	\$ 74,635
<u>302,500 Shares for properties</u>	<u>47,788</u>
637,500	\$122,423

As at November 30, 1967 the following options to purchase capital stock were outstanding:

To the President of the company -

200,000 shares at 25 cents per share to be exercised on or before March 3, 1972.

To Directors of the company -

100,000 shares at 25 cents per share to be exercised on or before March 3, 1972.

3. ADJUSTMENT OF PRIOR YEAR'S LOSS

By agreement dated May 6, 1966, the Company acquired from Transworld Exploration Ltd. mining claims in consideration for 500,000 shares of capital stock valued at \$125,000. The mining claims were found to be invalid due to improper staking, and the total acquisition cost was expensed in the Company's accounts during the year ended November 30, 1966.

As the result of efforts by the company to recover the cost of the claims, an agreement was made with the vendor, on April 26, 1967, whereby 400,000 shares were returned to the Company for cancellation, in full settlement of the claim. The accounts of the company were adjusted to reflect the cancellation of the issuance of the shares and the correction of the amount expensed with respect to the claims.





KAMALTA EXPLORATION LTD.

FINANCIAL STATEMENTS

JULY 31, 1968





# DEVONSHIRE, MUNRO & CO.

CHARTERED ACCOUNTANTS

TELEPHONE: 403-269-7736

MERVYN S. DEVONSHIRE, B.COM., C.A.  
R. JAMES MUNRO, B.COM., C.A.

720 SEVENTH AVENUE S.W.  
CALGARY, CANADA

## AUDITORS' REPORT

To The Shareholders,

### KAMALTA EXPLORATION LTD.

We have examined the consolidated balance sheet of Kamalta Exploration Ltd. as at July 31, 1968, and the consolidated statements of income and source and disposition of funds for the eight months ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and source and disposition of funds, together with the notes thereto, present fairly the financial position of the companies as at July 31, 1968, and the results of their operations and the source and disposition of their funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Canada,

September 17, 1968



Chartered Accountants.





KAMALTA EXPLORATION LTD.

JULY 31, 1968

(Compared with figures at November 30, 1967)

A S S E T S		L I A B I L I T I E S	
	1968	1967	1967
CURRENT			
Cash	\$ -	\$ 341	\$ 1,500
Accounts receivable	8,021	2,988	37,133
Due from Georgian Management Ltd.	2,881	-	-
Refundable deposits	7,780	2,500	6,971
	\$ 18,682	\$ 5,829	\$ 45,604
INVESTMENTS, at cost			
Marketable securities (Note 2)	\$ 65,075	\$ 20,000	\$ -
FIXED, at cost			
Oil wells and equipment	\$ 109,408	\$ 61,622	
Less accumulated amortization and depreciation	19,534	12,404	
	\$ 89,874	\$ 49,218	
Mineral, petroleum and natural gas rights, leases, claims and permits	710,062	210,615	
	\$ 799,936	\$ 259,833	\$ 1,426,529
DEFERRED CHARGES			
Organization expenses	\$ 8,895	\$ 7,115	\$ (1,240,178)
			100,000
			(39,178)
SIGNED ON BEHALF OF THE BOARD			\$ (1,179,356)
<i>Mr. J. B. ...</i>			\$ 502,084
DIRECTOR			\$ 247,173
<i>A. P. ...</i>			
DIRECTOR			
Total assets	\$ 892,588	\$ 292,777	\$ 292,777

The accompanying notes to financial statement are an integral part hereof.





KAMALTA EXPLORATION LTD.

CONSOLIDATED STATEMENT OF INCOME

FOR THE EIGHT MONTHS ENDED JULY 31, 1968

(Compared with figures for the year ended November 30, 1967)

<u>REVENUE</u>	<u>1968</u>	<u>1967</u>
Oil sales	\$ 21,548	\$ 17,550
Less royalties	<u>2,263</u>	<u>1,999</u>

Lease rental income	\$ 19,285
Royalty income	<u>1,701</u>
	50

\$ 21,036

OPERATING AND DEVELOPMENT EXPENSES

Production expenses	\$ 2,419
Lease rentals	240
Taxes	418
Geological and consultants fees	3,240
Depreciation and amortization of wells and equipment	<u>8,724</u>

\$ 15,041

\$ 5,995

ADMINISTRATIVE AND GENERAL EXPENSES

Management fee (Note 5)	\$ 17,250
Stationery, postage and printing	609
Secretarial, office and telephone	3,223
Legal, accounting and audit	7,148
Registrar and transfer agent	869
Travelling and automobile	2,442
Shareholders' meeting	2,074
Interest and bank charges	1,350
Miscellaneous	<u>930</u>

\$ 35,895

\$ (29,900)

OTHER INCOME AND EXPENSES

Profit on sale of fixed assets	\$267,668
Profit on sale of securities	15,861
Miscellaneous income	<u>-</u>

\$283,529

\$253,629

12,218

Consolidated income for the period

\$241,411

KAMALTA EXPLORATION LTD.

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

FOR THE EIGHT MONTHS ENDED JULY 31, 1968

(Compared with figures for the year ended November 30, 1967)

1967

SOURCE OF FUNDS

Sale of marketable securities	\$ 41,575	\$ 2,706
Sale of fixed assets	32,250	15,000
Reduction in working capital	87,470	27,073
Capital stock issued	<u>-</u>	<u>74,635</u>
	<u>\$ 161,295</u>	<u>\$119,414</u>

DISPOSITION OF FUNDS

Operations - (Income) or loss for the period	\$(241,411)	\$ 39,178
Profit on the sale of fixed assets	\$ 267,668	-
Profit on the sale of securities	<u>15,861</u>	<u>-</u>

\$ -

\$ 39,178

\$ 12,404

-

890

1,750

\$ 15,044

\$ 24,134

20,000

75,280

\$119,414





# KAMALTA EXPLORATION LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 1968

### 1. SUBSIDIARY COMPANY

By agreement dated May 13, 1968, the company sold Marvel Oils Limited certain oil and gas property interests, oil wells and equipment for the consideration of \$ 5,000 cash and 610,000 shares of the capital stock of that company. The shares thus acquired represent 50.4% of the outstanding shares of Marvel Oils Limited.

The consolidated balance sheet includes the accounts of Marvel Oils Limited and the consolidated statement of income includes the results of the operations of the subsidiary for the period from the date of acquisition to July 31, 1968.

### 2. MARKETABLE SECURITIES

The cost and quoted market value of marketable securities and the trading restrictions thereon, are as follows:

	<u>Shares</u>	<u>Cost</u>	<u>Market</u>
Kokanee Moly Mines Ltd. (N.P.L.) Pooled until September 15, 1968	30,000	\$ 20,000	\$ 11,400
Laronex Copper Mines Limited	100,000	13,000	17,000
Petromines Limited	700,000	27,219	45,500
Escrowed	125,000	4,856	8,125
Unrestricted		<u>\$ 65,075</u>	<u>\$ 82,025</u>

### 3. COMMITMENTS

As at July 31, 1968, the companies were committed to an oilwell drilling program involving expenditures of \$56,000. The program has since been completed.

### 4. CAPITAL STOCK

As at July 31, 1968 capital stock had been issued as follows:

989,375	Shares for cash	\$ 639,706
1,478,480	Shares for properties	780,323
<u>40,000</u>	Shares for services	<u>20,000</u>
<u>2,507,855</u>		<u>\$1,440,029</u>

The foregoing summary includes the following shares issued during the eight months ended July 31, 1968:

<u>50,000</u>	Shares for properties	<u>\$ 13,500</u>
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As at July 31, 1968, the following options to purchase capital stock were outstanding:

To the President of the company -

200,000 shares at 25 cents per share to be exercised on or before March 3, 1972.

To the Directors of the company -

100,000 shares at 25 cents per share to be exercised on or before March 3, 1972.

### 5. MANAGEMENT FEE

Management fee includes payments aggregating \$8,000 to Georgian Management Ltd. for management and administrative services rendered during the period and a payment of \$9,250 to reimburse Georgian Management Ltd. for extraordinary expenses incurred on behalf of the Company during the period from November 30, 1966 to May 31, 1968.









